

BIMCO GENERAL MEETING  
PANEL REMARKS ON QUALITY SHIPPING  
MAY 17, 1999

INTRO

GOOD AFTERNOON.

IT IS INDEED A PLEASURE AND HONOR TO BE A PART OF YOUR  
PANEL TODAY ON QUALITY SHIPPING. MY THANKS TO BIMCO  
FOR INVITING ME.

BIMCO AND THE U.S. COAST GUARD HAVE A FORMAL QUALITY  
PARTNERSHIP WHICH I'LL ADDRESS IN MY COMMENTS. SO, IT'S  
ESPECIALLY FITTING TO SPEAK ABOUT QUALITY TOGETHER  
TODAY.

QUALITY

THE WORD "QUALITY" IS BECOMING VERY COMMON IN TODAY'S  
WORLD IN DESCRIBING WHAT SHIPPING SHOULD BE.  
EVERYONE TALKS ABOUT "QUALITY" SHIPPING BUT WHAT ARE  
WE DOING TO MAKE IT A REALITY?

WELL, THERE ARE MANY ACTIVITIES UNDERWAY WORLDWIDE TO ADDRESS QUALITY. BIMCO HAS DONE A GREAT DEAL. A PRIME EXAMPLE BEING BIMCO'S STRONG AND PROACTIVE SUPPORT OF ISM CODE IMPLEMENTATION AND CERTAINLY THE SPONSORSHIP OF THIS MEETING WITH THE OPENING PLENARY SESSION DEALING WITH QUALITY SHIPPING. IN A FEW WEEKS, THE MARE FORUM WILL CONVENE IN AMSTERDAM TO DISCUSS QUALITY. MANY OF US WILL BE THERE, AND I WILL ACCOMPANY TWO MEMBERS OF THE U.S. CONGRESS – CHAIRMAN WAYNE GILCHREST OF THE CG & MARINE TRANSPORTATION SUBCOMMITTEE AND PETER DEFAZIO, THE RANKING MEMBER.

IMO HAS, AND IS, WORKING AGGRESSIVELY ALONG WITH FLAG AND PORT STATES AND VARIOUS INTERNATIONAL PORT STATE MOU'S TO MOVE THE CONCEPT OF QUALITY SHIPPING FORWARD AND CREATE A GREATER REALITY. SECRETARY GENERAL O'NEILL HAS GIVEN YOU A VERY SPECIFIC IMO VIEW. AND, WE HAVE THE EUROPEAN COMMUNITY'S PROPOSED INDUSTRY CHARTER ON QUALITY DISCUSSED ON THE FRONT PAGE OF LLOYD'S LIST TODAY.

WELL, HOW ARE THINGS GOING? WHAT HAS BEEN OUR COLLECTIVE PROGRESS? WHERE ARE THE GAPS? WHAT NEEDS TO BE EMPHASIZED NOW? WHAT ARE OUR "BEST INVESTMENTS" TO MAKE IMPROVEMENTS IN SHIPPING QUALITY?

TO ADDRESS THOSE QUESTIONS I WILL GIVE YOU A U.S.

PERSPECTIVE ON WHAT WE EXPECT OF U.S. OWNERS AND INTERNATIONAL SHIPPING CALLING IN U.S. PORTS, WHAT WE SEE HAPPENING TODAY, AND WHAT WE SEE AS IMPORTANT STEPS FOR THE FUTURE.

WHAT DO WE EXPECT OF VESSELS THAT CALL IN THE U.S.? VERY SIMPLY – FULL COMPLIANCE WITH INTERNATIONAL CONVENTIONS AND SPECIFIC U.S. REQUIREMENTS FOR NAVIGATION SAFETY AND MARINE ENVIRONMENTAL PROTECTION.

WHAT ARE WE IN THE U.S. SEEING AND EXPERIENCING? OUR PORT STATE CONTROL EXPERIENCE AND OUR EXPERIENCE AT IMO AND WITH OUR PARTNERSHIP IS A WINDOW ON WHAT IS HAPPENING.

### PORT STATE CONTROL

OUR EFFORTS IN PORT STATE CONTROL IN THE U.S. HAVE SHOWN SHORT TERM SUCCESSES WHICH WE HOPE WILL BECOME LONG TERM TRENDS. FOR EXAMPLE:

- IN 1996, 34% OF THOSE VESSELS DETAINED IN 1995 DID NOT RETURN, AND OF THOSE THAT DID RETURN ONLY 10% WERE DETAINED AGAIN.
- AND IN 1998, WE HAD 373 DETENTIONS, A 32% DECLINE IN OVERALL DETENTIONS FROM 1997 FIGURES AND THE FIRST TIME SINCE 1994 THAT IT FELL BELOW 400.

- IN 1995, 35% OF VESSEL DETENTIONS WERE ATTRIBUTABLE TO CLASSIFICATION DEFICIENCIES. IN 1997, THAT FIGURE DROPPED TO 23%.
- OUR PORT STATE CONTROL PROGRAM IS TARGETED TOWARD HIGHER RISK VESSELS, AND WHERE WE FOCUS OUR WORK WE'RE EXPLORING OPPORTUNITIES TO FURTHER REDUCE THE AMOUNT OF TIME WE SPEND ON LOWER RISK VESSELS.

### ISM/STCW

ISM AND STCW 95 ARE TWO ENORMOUSLY SIGNIFICANT EFFORTS TOWARD QUALITY MANAGEMENT AND QUALITY MARINERS – TWO THINGS ESSENTIAL FOR QUALITY SHIPPING.

WE HAVE ONLY JUST BEGUN WITH ISM AND STCW BUT I BELIEVE WE ARE EXPERIENCING A GOOD BEGINNING. ISM COMPLIANCE AND ENFORCEMENT HAVE BECOME A MEANS TO IMPROVE SAFETY MANAGEMENT TO REACH THE ROOT OF DEFICIENCIES IN SOLAS AND MARPOL, THEN MANAGEMENT - OR LACK THEREOF - OF SAFETY IN OPERATIONS.

BEFORE ISM, DEFICIENCIES IN SOLAS AND MARPOL WERE SIMPLY CORRECTED AND VESSELS ALLOWED TO PROCEED. NOW, WE DIG INTO THE MANAGEMENT PROCESSES OR SYSTEM DEFICIENCIES THAT ALLOWED MATERIAL DEFICIENCIES TO OCCUR, AND WE ENSURE THAT THOSE ROOT CAUSES ARE CORRECTED, SO THAT MATERIAL DEFICIENCIES ARE LESS LIKELY TO OCCUR.

WE HAVE NOT YET HAD TO TURN ANY SHIP AWAY FROM THE UNITED STATES BECAUSE OF NOT BEING IN COMPLIANCE WITH THE ISM CODE, AND DETENTIONS, SO FAR, HAVE BEEN MINIMAL - ON THE ORDER OF 15 FOR ISM VIOLATIONS, OF WHICH 4 VESSELS WERE ORDERED OUT OF PORT. IN ADDITION, ALL U.S. FLAG SHIPS ARE CERTIFIED THAT REQUIRED CERTIFICATION.

I UNDERSTAND THAT OTHER PORT STATES IN THE TOKYO MOU AND PARIS MOU COUNTRIES, WITH STRONG PORT STATE CONTROL POSITIONS ON ISM, HAVE HAD SIMILAR EXPERIENCES.

TWO OF THE KEY REASONS FOR THE GOOD RESULTS HAVE BEEN THE EXTENSIVE WORLDWIDE EDUCATIONAL CAMPAIGN BY IMO AND MANY PORT AND FLAG STATES AND LEADERSHIP SHOWN BY INDUSTRY SUCH AS YOURSELVES, INTERTANKO, API, AND OTHERS IN PROMOTING AND PREPARING FOR ISM IMPLEMENTATION AND COMPLYING WITH IT.

WHAT'S IMPORTANT TO ADDRESS AS WE MOVE INTO THE FUTURE?

WE BELIEVE THE FUTURE IS BASED ON CONTINUING TO AGGRESSIVELY IMPLEMENT EXISTING INTERNATIONAL CONVENTIONS AND AGREEMENTS AND IN PARTNERING FOR IMPROVED QUALITY. THERE ARE ENOUGH INTERNATIONAL REQUIREMENTS TO DEAL WITH SAFETY AND ENVIRONMENTAL PROTECTION RISKS - IN EXISTENCE OR IN PROGRESS. WHAT IS NEEDED IS FULL AND COMPLETE IMPLEMENTATION BY FLAG STATES, FULL AND COMPLETE ASSUMPTION OF RESPONSIBILITY BY OWNERS AND FULL RECOGNITION ON THE PART OF CHARTERERS, BROKERS, SHIPPERS, P&I AND OTHERS, THAT, IN THE LONG RUN, QUALITY PAYS.

PARTNERING FOR QUALITY BETWEEN FLAG AND PORT STATE ADMINISTRATIONS AND INDUSTRY IS KEY.

THE U.S. HAS FORMAL QUALITY PARTNERSHIPS WITH NINE MARITIME INDUSTRY ORGANIZATIONS. THE PURPOSE OF THOSE PARTNERSHIPS IS TO WORK MORE CLOSELY TOGETHER AND IMPROVE MARITIME SAFETY AND PROTECTION OF THE ENVIRONMENT THROUGH NON-REGULATORY SOLUTIONS.

ONE OF THOSE PARTNERSHIPS IS WITH BIMCO AND WAS FORMALIZED LAST SEPTEMBER AT THE BIMCO EXECUTIVE COMMITTEE MEETING IN STOCKHOLM WHEN RONALD BERGMAN AND I SIGNED A PARTNERSHIP AGREEMENT AS DESCRIBED IN YOUR PRESIDENT'S 1998 REPORT.

AS PARTNERS, WE ARE ALREADY FORGING AHEAD – TOGETHER – ON THREE FRONTS TO PROMOTE VESSEL SAFETY AND TO PREVENT DAMAGE TO THE ENVIRONMENT. THEY ARE:

- DEVELOPING A NEAR MISS REPORTING SYSTEM – NOW KNOWN AS THE INTERNATIONAL MARITIME INFORMATION SAFETY SYSTEM, OR IMISS.
- SMOOTH TRANSITION AND IMPLEMENTATION OF THE ISM CODE EFFECTIVE JULY 1, 2002 FOR FREIGHT VESSELS.
- AND, MOST RECENTLY, BALLAST WATER MANAGEMENT TO COMBAT AQUATIC NUISANCE SPECIES.

### IMISS

UNDER THE UMBRELLA OF RISK BASED DECISION-MAKING IS OUR DEVELOPMENT OF AN INTERNATIONAL MARITIME INFORMATION SAFETY SYSTEM (IMISS). MANY MORE NEAR-MISSES OCCUR THAN ACTUAL CASUALTIES AND THE INFORMATION FROM THOSE WILL HELP US BETTER ASSESS RISK AND BETTER FOCUS PREVENTION EFFORTS. CAPT PETERSEN, YOUR DEPUTY SECRETARY GENERAL, HAS BEEN AN INVALUABLE RESOURCE IN THIS PROJECT. THERE IS AN ARTICLE ABOUT IMISS IN THE APRIL 1999 BIMCO BULLETIN.

THE KEY TO THIS SYSTEM IS VOLUNTARY, CONFIDENTIAL REPORTING TO A NON-REGULATORY THIRD PARTY – A COMMERCIAL VENDOR - WHO WILL KEEP ONLY THE SAFETY ASPECTS OF THE REPORT AND DE-IDENTIFY ANY INFORMATION POINTING TO THE REPORTING SOURCE OR OTHER ENTITIES INVOLVED. THE DE-IDENTIFIED VERSION WILL BE ENTERED IN A DATABASE FOR ACCESS BY INDUSTRY, GOVERNMENT, AND OTHER MEMBERS OF THE MARITIME COMMUNITY.

THE RESULTING DATA WILL PROVIDE INDUSTRY STAKEHOLDERS WITH CRITICAL INFORMATION THAT THEY CAN INJECT INTO THEIR OPERATIONS TO PROACTIVELY COUNTER FACTORS THAT LEAD TO MARITIME CASUALTIES AND INJURIES.

THE CRUCIAL ASPECT OF THIS PROGRAM IS PROTECTION OF THE MARITIME INFORMATION SAFETY SYSTEM FROM BEING A VEHICLE FOR LITIGATION PURPOSES. WE HAVE SEVERAL COAST GUARD/INDUSTRY TEAMS WORKING ON THIS PROJECT TO DEAL WITH THE AREAS OF:

- VOLUNTARY, CONFIDENTIAL REPORTING,
- INCENTIVES AND REPORT PROTECTIONS FOR PARTICIPANTS
- DATABASE AND FORM DESIGN
- DATA ANALYSIS AND REPORTING
- AND SYSTEM DESIGN AND PLANNING



CURRENTLY, WE HAVE A SYSTEM BLUEPRINT THAT IS BROADLY  
ENDORSED BY PARTICIPATING INDUSTRY AND AN INDUSTRY-  
BASED STEERING SUBCOMMITTEE IN PLACE THAT IS TASKED  
TO DRIVE THE PROJECT THROUGH TO COMPLETION USING THE  
BLUEPRINT AS THE BASE DOCUMENT.

IF ALL GOES AS PLANNED WE ARE LOOKING TO FIELD A SYSTEM IN  
EARLY 2000.

LET ME SHIFT FOCUS TO ENVIRONMENTAL PROTECTION. WE  
BELIEVE QUALITY SHIPPING IS ALSO ENVIRONMENTALLY  
RESPONSIBLE SHIPPING.

ANS

AN ISSUE THAT IS BECOMING HIGHLY VISIBLE IN THE U.S.,  
PARTICULARLY AMONG FEDERAL, STATE AND LOCAL  
GOVERNMENTS AND MARITIME INDUSTRY IS AQUATIC  
NUISANCE SPECIES – OR ANS.

AT OUR U.S. NATIONAL MARINE TRANSPORTATION SYSTEM  
CONFERENCE LAST FALL, IT WAS DEEMED TO BE THE  
PRINCIPLE ENVIRONMENTAL PROBLEM OF THE FUTURE.

WHAT ARE AQUATIC NUISANCE SPECIES? THE ZEBRA MUSSEL IS  
PROBABLY THE WIDEST KNOWN EXAMPLE. BUT THERE ARE  
MANY OTHERS.

NON INDIGENOUS SPECIES HAVE THE POTENTIAL TO  
DRAMATICALLY AFFECT FOOD SUPPLIES, ECONOMY, HEALTH  
AND OVERALL BIODIVERSITY.

THE PRACTICAL IMPLICATION OF THE PROBLEM IS IN DEALING WITH  
SHIP'S BALLAST WATER. THE BASIC NEED IS FOR THE  
EXCHANGE OF BALLAST WATER AT SEA TO ELIMINATE ANS  
BEFORE THEY HAVE THE OPPORTUNITY TO IMPACT OUR PORTS  
AND WATERWAYS.

CURRENTLY, THE ONLY MANDATORY BALLAST WATER EXCHANGE  
FOR VESSELS CALLING IN THE U.S. IS FOR THE GREAT LAKES.

HOWEVER, THERE IS GROWING CONCERN THOUGH FOR THE REST OF  
THE US. THE NATIONAL INVASIVE SPECIES ACT OF 1996 TASKS  
THE COAST GUARD WITH PUBLISHING VOLUNTARY BALLAST  
WATER MANAGEMENT STANDARDS AND TO ANALYZE  
VOLUNTARY COMPLIANCE FOR A TWO AND ONE HALF YEAR  
PERIOD. WE WILL THEN DECIDE IF MANDATORY  
REQUIREMENTS ARE NECESSARY. THE REGULATIONS  
IMPLEMENTING THE VOLUNTARY PROGRAM ARE BEING  
PUBLISHED TODAY IN THE U.S. FEDERAL REGISTER.

THERE ARE THREE KEY ELEMENTS TO THESE REGULATIONS:

- FIRST, ALL VESSELS ENTERING U.S. WATERS AFTER HAVING OPERATED OUTSIDE OF THE U.S. EXCLUSIVE ECONOMIC ZONE ARE REQUIRED TO SUBMIT A BALLAST WATER MANAGEMENT REPORT – WHICH CAN BE DONE ON THE BALLAST WATER REPORTING FORM AGREED TO IN IMO RESOLUTION A.868(20).
- SECOND, THESE SAME VESSELS WILL BE ASKED TO CONDUCT A MID-OCEAN BALLAST WATER EXCHANGE PRIOR TO ENTERING;
- AND THIRD, ALL VESSELS OPERATING IN U.S. WATERS WILL BE ASKED TO TAKE A NUMBER OF VOLUNTARY OPERATIONAL PRECAUTIONS TO MINIMIZE THE UPTAKE AND RELEASE OF ANS. FOR THE MOST PART, THESE MIRROR THE IMO GUIDELINES.

THE ANS PROBLEM IS A GLOBAL DILEMMA REQUIRING INTERNATIONAL COOPERATION. IMO MEPC 43 WHICH MEETS 28 JUNE WILL CONSIDER FURTHER ACTION TOWARD AN INTERNATIONAL INSTRUMENT FOR BALLAST WATER MANAGEMENT.

WE ARE WORKING IN ALL OF THE VENUES THAT I MENTIONED -  
INTERNATIONAL, FEDERAL AND PARTNERING WITH INDUSTRY  
- AND ARE EXAMINING PROMISING BALLAST WATER  
MANAGEMENT ALTERNATIVES TO REPLACE MID-OCEAN  
EXCHANGE. INCLUDED IN THESE ARE FILTRATION,  
ULTRAVIOLET RADIATION, AND HEAT AND CHEMICAL  
TREATMENTS. I AM PLEASED THAT BIMCO HAS STEPPED  
FORWARD TO HELP US EXPLORE ALTERNATIVES.

THERE ARE TWO IMPORTANT WAYS IN WHICH BIMCO MEMBERS  
COULD ASSIST IN THE DEVELOPMENT OF BALLAST WATER  
MANAGEMENT ALTERNATIVES.

FIRST, YOU CAN WORK WITH THE EEC'S EUROPEAN CONCERTED  
ACTION GROUP TO PROVIDE SCIENTISTS WITH SHIPBOARD  
TIME AND ACCESS SO THEY COULD CONDUCT SAMPLING OF  
BALLAST TANKS. THE RESULTS OF THEIR SAMPLING WOULD  
HELP DETERMINE WHAT ORGANISMS ARE CARRIED IN THE  
TANKS, HOW LONG THEY SURVIVE AND WHAT THE EFFECTS OF  
EXCHANGE ON THESE ORGANISMS ARE

AND SECOND, AS NEW TECHNOLOGIES ARE PROPOSED, BE PART OF THE REVIEW PROCESS THAT WOULD HELP US DETERMINE WHICH OFFER THE GREATEST LIKELIHOOD FOR SUCCESSFUL SHIPBOARD INSTALLATION. EFFORTS ARE UNDERWAY IN THE U.S., AND OTHER PARTS OF THE INTERNATIONAL COMMUNITY, TO DEVELOP A PROTOCOL FOR THE TESTING AND ACCEPTANCE OF BALLAST WATER MANAGEMENT TECHNOLOGIES. BIMCO INVOLVEMENT IN THIS PROCESS IS WELCOMED.

WHEN WE ARE READY TO MOVE FROM LABORATORY TO SHIPBOARD TESTING WITH THE MOST PROMISING TECHNOLOGIES, PLATFORMS WILL BE NEEDED AND BIMCO MEMBERS WOULD BE IDEALLY SUITED FOR THIS.

A SECOND AREA OF GROWING ENVIRONMENTAL CONCERN IS BUNKER OIL POLLUTION, ESPECIALLY FROM CARGO SHIPS AS THOSE VESSELS GROW IN SIZE AND BUNKER CAPACITY.

TANKER CARGO OIL POLLUTION IN THE U.S. HAS DRAMATICALLY DECREASED IN THE LAST 10 YEARS AND MOST RECENT LARGER SPILLS HAVE BEEN FROM CARGO SHIP BUNKERS.

AS THE TRANSITION TO DOUBLE HULL TANKERS CONTINUES TO DECREASE THE RISK OF CARGO OIL SPILLS, I EXPECT THERE WILL BE GREATER SCRUTINY OF THE POTENTIAL FOR BUNKER SPILLS AND ASSOCIATED NEED FOR PREVENTION AND RESPONSE MEASURES AS WE CONSIDER WHERE FUTURE RISKS MAY LIE.

“TRANSPARENCY”

LASTLY, THE SHARING OF DATA AND INFORMATION ABOUT SHIP QUALITY - THE SO-CALLED “TRANSPARENCY” OF VESSEL QUALITY - IS VITALLY IMPORTANT TO ENSURE THAT ALL STAKEHOLDERS KNOW WHO THE QUALITY SHIPS, OWNERS & OPERATORS ARE AND TO ENSURE ONLY THOSE “QUALITY” SHIPS ARE CARRYING CARGO.

IN THAT SPIRIT:

U.S. DETENTIONS FOR THE PAST YEAR ARE POSTED ON THE U.S. COAST GUARD’S PSC WEBSITE, [www.uscg.mil/hq/g-m/psc.psc.htm](http://www.uscg.mil/hq/g-m/psc.psc.htm)

A SECOND SOURCE OF VESSEL DATA IS THE PORT STATE CONTROL INFORMATION EXCHANGE (PSIX) WHICH IS LINKED TO THE PSC WEBSITE AND PROVIDES HISTORICAL INFORMATION ON USCG VESSEL EXAMS FROM OUR MSIS. THE DATA IS AVAILABLE TO ANYONE WHO WANTS TO COMPARE.

WE ARE WORKING WITH THE EUROPEAN UNION ON MUTUAL ACCESS TO THE EQUASIS SYSTEM AS A SINGLE POINT OF ACCESS TO THE MARITIME COMMUNITY FOR ALL RELEVANT INFORMATION CONCERNING THE QUALITY OF SHIPS. WE ARE LOOKING TO PROVIDE EQUASIS WITH PORT STATE CONTROL DETENTION AND INSPECTION DATA AS WELL AS PARTICIPATE IN THE EDITORIAL COMMITTEE RESPONSIBLE FOR THE CONTENT OF THE EQUASIS SYSTEM.

THERE ARE, OF COURSE, OTHER POSSIBILITIES.

### CONCLUSION

SO, IN CONCLUSION, WE IN THE U.S. SEE IMPROVEMENTS AND MUCH PROGRESS IN OUR MUTUAL EFFORTS TOWARD OUR GOAL OF QUALITY SHIPPING. WE BELIEVE THAT FULL COMPLIANCE WITH EXISTING INTERNATIONAL INSTRUMENTS COUPLED WITH DATA SHARING FOR “TRANSPARENCY” RECOGNITION BY ALL PARTIES OF THE VALUE OF QUALITY SHIPPING, AND PARTNERING FOR QUALITY ARE OUR BEST INVESTMENTS IN THE FUTURE TO ULTIMATELY ENSURE THAT QUALITY SHIPPING IS A REALITY AS PREVALENT IN THE FUTURE AS THE DISCUSSIONS ABOUT IT ARE TODAY.

THANK YOU.